

THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF CONSUMER AFFAIRS AND BUSINESS REGULATION

**DEPARTMENT OF
TELECOMMUNICATIONS & ENERGY**

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November 22, 2004

Robert N. Werlin, Esq.
John K. Habib, Esq.
Keegan, Werlin & Pabian LLP
265 Franklin Street
Boston, MA 02110
FOR: Commonwealth Electric Company d/b/a NSTAR Electric

RE: Department's First Set of Information Requests to Boston Edison Company and
Commonwealth Electric Company
NSTAR Securitization - D.T.E. 04-70

Dear Messrs. Werlin and Habib:

Enclosed please find the Department of Telecommunications and Energy's First Set of Information Requests to Commonwealth Electric Company in the above-referenced proceeding. Please provide the requested answers by November 26, 2004. If you have any questions on this request, please contact me at (617) 305-3613.

Sincerely,

/s/

Joan Foster Evans
Hearing Officer

cc. Mary L. Cottrell, Secretary
Service List
Staff as assigned

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**FIRST SET OF INFORMATION REQUESTS
D.T.E. 04-70**

Pursuant to 220 C.M.R. § 1.06 (6)(c), the Department of Telecommunications and Energy ("Department") submits to Boston Edison Company and Commonwealth Electric Company ("Companies") the following Information Requests.

I. Instructions

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Companies in this proceeding.

1. Each request should be answered in writing on a separate three-hole punched page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Please do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Companies or their witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.
4. The term "provide complete and detailed documentation" means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting workpapers.
5. The term "document" is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. If the Companies find that any one of these requests is ambiguous, please notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. If a question refers to an Information Request of another party, please provide that response and answer with information that supplements the previous response.

8. Please serve a copy of the responses on Mary L. Cottrell, Secretary of the Department; also submit two (2) copies of the responses to Joan Foster Evans, Hearing Officer, and one copy each to Sean Hanley, Glenn Shippee, and Miguel Maravi of the Rates and Revenue Requirements Division, and Robert Harrold, Boris Shapiro, and Marilyn Ross of the Electric Power Division.

II. Information Requests

- IR-DTE 1-1 Refer to Page A-15 of the Draft Order submitted by the Companies. When the sale of the PPA savings to the Special Purpose Entity occurs, do the Companies stand to make a profit on the sale?
- IR-DTE 1-2 Refer to Page A-25 of the Draft Order submitted by the Companies. What methodology (e.g., comparative surveys, industry experience) do the Companies employ in establishing the service fee?
- IR-DTE 1-3 Refer to Exh. NSTAR-COM-GOL-1. Explain why the Companies calculate the securitization issuance fee by including the fee itself (1.47 percent) in the principal amount sought. Explain whether this double counting the fee.
- IR-DTE 1-4 Refer to Exh. NSTAR-EGO at 13. Are all of the various tranches described fixed rate debt instruments?
- IR-DTE 1-5 Refer to Exh. NSTAR-EGO at 22, at lines 13-14. Reconcile the statements regarding the necessity for credit enhancement with the Companies' contributions of \$165,938 for Boston Edison and \$255,625 for Commonwealth as identified in Exh. NSTAR-EGO at 15-16.
- IR-DTE-1-6 Refer to Exhibit NSTAR-GOL at 6, lines 14-16. Provide the total dollar amount of the securitization represented by the "remaining fixed access charge and the incentive mitigation from the prior PPA buyouts of Lowell, Pilgrim and Seabrook."
- IR-DTE 1-7 Refer to Exhibit NSTAR-GOL-1. For the savings row of the table, please break out the percentage of: (a) savings due to the purchase power contract savings, and (b) savings due to the securitization.
- IR-DTE 1-8 Refer to Exhibit NSTAR-GOL-1. Of the total savings of \$114 million, please complete the following table:

	04-61	04-78	04-70	Total
Power Savings				
Securitization Savings				
Total Savings				

- IR-DTE 1-9 Refer to Exh. NSTAR-GOL at 17. Explain whether the break even interest rates (e.g., 9.1 percent; 8.4 percent; 7.9 percent) calculation includes savings from the purchase power contracts.
- IR-DTE 1-10 Refer to the Exh. NSTAR-GOL-1, Securitization Amounts and Securitization Savings. Please provide all updated amounts for each column and row, and include an additional row titled "Without Securitization Amounts." The costs in this row shall be the costs of the buyouts assuming securitization is not available. Calculate the row "Securitization Savings" by subtracting the amounts of the row "Securitization Amounts" from the row "Without Securitization Amounts." Include additional attachments to break down each amount of the revised Exhibit NSTAR-GOL-1 showing that these amounts are the summation of the amounts provided in the attachments.
- IR-DTE 1-11 Refer to IR-DTE 1-10. Please list all the costs included in the row "Securitization Amounts," and provide for each one the legal provision supporting its recovery.
- IR-DTE 1-12 Refer to Exh. NSTAR-GOL, page 10 line 4, to page 11 line 2. Please explain the reasons why the Companies are requesting the following cost to be actual costs: the transaction costs of issuing the rate reduction bonds, ongoing transaction costs (other than legal and accounting fees and other miscellaneous fees), any required credit enhancement (collectively with the above transition costs, the "the actual reimbursable transition cost amounts").
- IR-DTE 1-13 Refer to Exh. NSTAR-GOL, page 11 line 16, to page 12 line 3. Please explain how the Companies will provide to the ratepayers the uniform rate credit as it is determined in G.L. c. 164, § 1G(a)(2).
- IR-DTE 1-14 Refer to Exh. NSTAR-GOL, page 16 line 16, to page 17 line 21. Please provide the assumptions and calculations for:
- A) The coupon rate (the securitization rate) of 4.5 percent that is used to calculate the net present values of DTE 1-10, row "Securitization Amounts."
 - B) The break-even rate for MASSPOWER
 - C) The break-even rate for Dartmouth.
 - D) The break-even rate for the securitization of the deferral.
- IR-DTE 1-15 Refer to Exh. NSTAR-GOL, page 28 line 19, to page 29 line 21. Please explain if the level of savings proposed in the present filing, in accordance with G.L. c. 164, § 1H, would be affected by the RTC Charge increase, as a result of the True-Up Advice Letter. Explain how the Companies plan to keep such level of savings consistent with G.L. c. § 164 1H. In addition, identify other

components of the transition charge that would be deferred, and explain how the carrying charges would be calculated.

- IR-DTE 1-16 Refer to the Exhibit NSTAR-GOL, page 29, lines 18 to 21. The Company states "...the portion of such other rate or charge that is not collected on a current basis would be deferred at the carrying charge from time to time in effect applicable to that portion of the transition charge not constituting the RTC Charge." Please identify the possible other rates or charges that would be deferred. Provide a estimation of the amount to be deferred with the respective carrying charges. Discuss how these costs should be added to the Securitization Amounts to calculate the actual savings for customers.
- IR-DTE 1-17 Refer to Exh. NSTAR-EGO, page 17 line 3, to page 18 line 15. Please explain the effect of the "True-Up Advice Letters" and the "Non-Routine True-Up Letters" on the estimated savings proposed in the present filing consistent with G.L. c. 164, § 1H.